

Message Text

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ACTION STRE-00

INFO OCT-01 ARA-10 IO-13 ISO-00 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00 AGRE-00
CEA-01 COME-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 OIC-02
DOEE-00 /110 W

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O 111534Z JUL 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 1885

INFO AMEMBASSY BRASILIA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, GATT, BR

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS WITH BRAZIL

REF: (A) STATE 169207, (B) SAO PAULO 1814

1. SUMMARY: BRAZIL IMPROVED ARTICLE XXVIII OFFER ON
EIGHT ITEMS INCLUDING ACCEPTANCE OF U.S. REQUEST ON
APPLES AND PEARS. END SUMMARY.

2. WE MET JULY 11 WITH BRAZIL DEL (BOTAFOGO, ET AL) TO
CONTINUE ARTICLE XXVIII NEGOTIATIONS. BRAZIL DEL'S
RESPONSE TO U.S. REQUESTS IN REF A WERE AS FOLLOWS:

A. APPLES AND PEARS: BRAZIL WILL MEET U.S. REQUEST
ON APPLES AND PEARS. BRAZIL IS WILLING TO ACCEPT EITHER
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A 10,000 MT GLOBAL QUOTA OR TO BREAK QUOTA DOWN 7,000 MT
FOR PEARS AND 3,000 MT FOR APPLES. THIS WOULD BE A
TARIFF RATE QUOTA AT 15 PERCENT AD VAL. WITH QUANTITIES
ABOVE QUOTA ENTERING AT EXISTING RATE OF 32 PERCENT.
WE INDICATED A PREFERENCE FOR ORIGINAL U.S. REQUEST OF
10,000 MT GLOBAL QUOTA.

B. TWO ITEMS ON BRAZIL OFFER LIST THAT HAD PREVIOUSLY BEEN WITHDRAWN (PARA 2(2), REF A), STEAM TURBINES (84.05.02.00) AND CHILL MOULDS (84.60.02.01). BRAZIL DEL SAID BEST THEY CAN OFFER IS BINDING AT 30 PERCENT. BOTAFOGO EXPLAINED THAT SINCE BRAZIL HAD WITHDRAWN ITEMS ORIGINALLY IT WAS NOT POSSIBLE TO REESTABLISH PREWITHDRAWAL RATE ON STEAM TURBINES AND EXISTING RATE ON CHILL MOULDS.

C. ON ITEMS LISTED PARA 2(3), REF A, BRAZIL DEL INDICATED IT COULD NOT IMPROVE EXISTING OFFER. ON TWO OF THOSE ITEMS -- GERMANIUM, COPPER OXIDE DIODES (85.21.12.00) AND PRESSURE REGULATORS (90.24.06.00) -- BOTAFOGO INDICATED THAT THERE ARE ALREADY REQUESTS BEFORE THE CUSTOMS COUNCIL TO INCREASE THESE RATES TO 45 PERCENT. BRAZIL DEL FELT THAT OFFER ON INSTRUMENTS FOR MEASURING ELECTRICAL QUANTITIES (90.28.14.00) WAS SIGNIFICANT BECAUSE BRAZIL WAS ESTABLISHING A POLICY FOR THE PRODUCTION OF SUCH INSTRUMENTS AND THE 37 PERCENT OFFER WAS NOT WITHOUT RISK TO BRAZILIAN PRODUCTION.

D. ON ITEMS IN ATTACHMENT II ON TPSC 78-85 (PARA 4, REF A), BRAZIL HAS ACCEPTED THE U.S. REQUEST ON THE FOLLOWING ITEMS:

- BTN SHORT DESCRIPTION OFFER

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29.09.04.00	POLYPROPYLENE OXIDE	30
38.14.01.00	ADDITIVES FOR LUBRICATING OILS	30
84.22.09.00	SELF-PROPELLED CRANES	30
90.19.00.00	ORTHOPEDIC APPLIANCES	0

OFFER ON ADDITIVES FOR LUBRICATING OIL (38.14.01.00) OMITS FOLLOWING ADDITIVES PRODUCED IN BRAZIL, WHICH WOULD BE BOUND AT ORIGINALLY OFFERED 47 PERCENT. BOTAFOGO EXPLAINED THAT THIS OFFER WAS BRAZILIAN ATTEMPT TO EX-OUT SENSITIVE ITEMS WHILE ALLOWING U.S. TO COMPETE IN OTHER ITEMS, INCLUDING NEW PRODUCTS, THAT ENTER IN THIS BASKET CATEGORY. OMITTED ADDITIVES ARE AS FOLLOWS:

A. DISPERSANT ADDITIVES WITHOUT ASH

B. ANTI-WEARING DOWN ADDITIVES/ANTI-OXIDIZING ADDITIVES/ANTI-CORROSION BASED IN ZINC SALT (ZINC DI-ALKYL DI-THIOPHOSPHATE AND ZINC DI-ARYL DI-THIOPHOSPHATE)

C. VISCOSITY IMPROVERS, MONO AND MULTI FUNCTIONALS

D. ANY KIND OF ADDITIVE MIXTURES CONTAINING ANY
COMPONENTS REFERRED ABOVE AT ITEMS A, B AND C.

ON ONE ITEM (MAKE AND BREAK SWITCHES - 85.19.01.02) BRAZIL
HAS OFFERED TO REDUCE THE TARIFF FURTHER TO 55 PERCENT.
ON THE FOLLOWING ITEMS BRAZIL CANNOT IMPROVE EXISTING
OFFER:

-	BTN	SHORT DESCRIPTION	OFFER
29.14.03.02		VINYL ACETATE	45
40.02.99.06		POLYISOBUTILENE ISOPRENE	50
87.01.01.01		SEMI-TRAILER TRACTORS	30
84.61.03.02		COPPER VALVES	50
85.19.07.99		OTHER RESISTORS	50

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TO SECSTATE WASHDC IMMEDIATE 1886

INFO AMEMBASSY BRASILIA PRIORITY

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3. U.S. DID NOT RESPOND TO ONE ITEM ON LATEST BRAZIL

OFFER LIST. ITEM WAS 90.24.05.01 - FLOWMETERS, PRESSURE REDUCERS AND OVER-DRAUGHT REGULATORS. EXISTING DUTY IS 15 PERCENT AND OFFER IS 10 PERCENT.

4. BRAZIL DEL DID NOT MAKE ADDITIONAL OFFERS. WE POINTED OUT THAT WHILE WE WERE PLEASED WITH THE BRAZILIAN RESPONSE ON APPLES AND PEARS AND NOTED THE IMPROVEMENT IN OTHER OFFERS, THE BRAZILIAN OFFER STILL FELL CONSIDERABLY SHORT OF ESTABLISHING A BALANCE. WE REQUESTED THAT THE BRAZILIANS RECONSIDER OUR REQUEST FOR IMPROVEMENTS AND EXAMINE OUR EXISTING LISTS OF REQUESTS IN ORDER TO FURTHER IMPROVE THE TRADE COVERAGE. BRAZIL DEL SIMILARLY ASKED US TO REEXAMINE ITS ORIGINAL OFFERS THAT WE HAD REJECTED TO SEE IF THERE WERE SOME ITEMS OF INTEREST TO THE U.S. SINCE IN MANY CASES THE U.S. LIMITED OFFICIAL USE

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HAD A SIGNIFICANT TRADE INTEREST. WE AGREED TO DO THIS.

5. COMMENT: BRAZIL DEL HAS INDICATED WILLINGNESS TO WRAP UP ARTICLE XXVIII NEGOTIATIONS WITHIN NEXT WEEK. WE ARE PREPARING NEW INSTRUCTIONS FOR SUBMISSION TO U.S. TRADE POLICY APPARATUS NOW IN GENEVA. WE WOULD APPRECIATE ANY ADDITIONAL COMMENTS SOONEST FROM AMCONSUL SAO PAULO AND WASHINGTON AGENCIES ON BRAZILIAN OFFERS AND U.S. REQUESTS. END COMMENT. VANDEN HEUVEL

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